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SUBJECT: GOF Reacts to EU Energy Green Paper

Ref: Paris 762

¶1. (SBU) Summary: In meeting with EB Energy Office Director Gallogly and EconOff, the GOF expressed "satisfaction" with the EU Energy Green paper even though they judged it to be "too cautious on some issues." The January 2006 episode involving gas transits through Ukraine woke up many EU member states to the need for integration of EU energy policy and for a united voice outside Europe. Taking ideas from the French January memo (reftel), the EU energy paper is acceptable to the GOF as a framework. Overall, the GOF feels it is a useful step forward. End Summary.

¶2. (SBU) French government officials gave their reaction to the EU Energy Green Paper to us on March 10. Overall, the framework of the paper is acceptable and it is a good basis for further work, according to MFA DAS for energy issues, Nicole Taillefer, who added that it is a big step for Europe that the European Council will focus on energy next week. Previously, European institutions had limited their involvement in energy issues, which were considered primarily the authority of sovereign national governments. However, following the January 2006 crisis with Russia and Ukraine over gas, member states (including France) welcomed Commission action to speak with a common external voice, said Sophie Galey-Leruste of the Industry Ministry's Energy Directorate. Taillefer said that Ukraine was a wake up call for many European governments and gave impetus to Brussels' role, since so much of the energy equation involves countries outside of the EU.

¶3. (SBU) Taillefer pointed to the GOF's January memo to the EU (reftel) on EU energy policy, noting that many of its ideas were incorporated into the EU Green Paper on Energy. The French proposal supported more integration of energy policy within the EU, although Taillefer noted that many but not all EU member states were reviewing their own energy policies. She expressed confidence that "We'll make a step forward." However, she noted that France did not have the same level of dependence on Russian gas, so may have different short-term interests. Still, long-term interests are the same, since no EU country can be fully energy self-sufficient. EU competence (meaning authority or responsibility) in energy will grow, but only gradually, according to Taillefer, since countries will maintain their own decision-making sovereignty over their energy mix. It is more a matter of convergence (of common policy goals) and coordination, she said.

¶4. (SBU) In a separate meeting, Galey-Leruste also saw the Ukraine-Russia dispute in early January as a catalyst for EU action, as many countries came to the sudden realization of their dependence on Russian gas. The EU Energy Green Paper was in this sense a consequence of this realization. Galey-Leruste emphasized the positive role, which the Commission can play as an external voice on these issues. Generally, our GOF contacts welcomed the EU Green Paper on Energy, but noted that it was "too cautious on some issues." Since France's reputation on energy is often tied to nuclear, we suspect that nuclear was the key issue on which the GOF judged the EU as too cautious, but necessarily so. Taillefer noted that the UK is reviewing its energy policy, Germany is in flux, and others are internally questioning their energy policies. "We'll likely have more details at the end of the year" said Taillefer, once countries have had a chance to move further along in their internal reviews and absorb the EU paper. At that point, Europe will be able to solidify its options.

¶5. (SBU) GOF officials said that EU countries would make a strong push for Russia to ratify the Energy Charter Treaty (ECT) at next week's G8 Energy Ministerial and at the St. Petersburg summit in July. Our interlocutors said that the GOF and EU would welcome USG support of ratification of the ECT. Gallogly noted that while the USG has no intention itself of joining the ECT, the U.S. still supports the underlying principles of the ECT, especially with regard to removing barriers to energy investment and trade. He

indicated the U.S. would view Russian ratification of the ECT as a positive step toward Russian acceptance of international principles governing energy trade, and added the expectation that the EU and its members would continue to take the lead with Russia on this issue.

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